

**COUNCIL POLICY****CURRENT**

SUBJECT: SMALL BUSINESS ENHANCEMENT PROGRAM (SBEP)  
POLICY NO.: 900-15  
EFFECTIVE DATE: June 8, 1999

**BACKGROUND:**

On June 26, 1995, the City Council reduced the Business Tax Certificate fee for businesses with 12 or fewer employees from \$125 to \$34, and established a Small Business Enhancement Program (SBEP) funded by general fund revenues measured by \$20 of every Business Tax Certificate. The purpose of the SBEP was to provide continuing support to small businesses in recognition of their vital economic, employment, service, and cultural roles, and their importance in sustaining and revitalizing older commercial and residential areas. Administered by the Economic Development Division's Office of Small Business, SBEP has significantly enhanced the City's partnership with the Business Improvement Districts (BID's) and the BID Council and with non-profit business assistance organizations, and has provided a broad range of direct assistance programs for San Diego's 50,000-plus small businesses.

SBEP has been administered since its adoption with the program components described in Manager's Report No. 95-239 (Direct Assistance, Neighborhood Business Development, Advocacy and Regulatory Relief, Procurement and Bonding Assistance for Small Contractors, and Outreach and Marketing). However, SBEP funded activities have evolved over time.

Unlike the City's appropriation process for most other parts of the General Fund, the SBEP appropriation process includes a base appropriation determined as part of the City's annual budget process, with the final appropriation adjusted to reflect actual revenues collected during the fiscal year, and with any unexpended prior year funds carried forward into the SBEP's next fiscal year budget.

**PURPOSE:**

The purpose of this Policy is to avoid delays in the SBEP allocation process resulting from SBEP's unique appropriation formula, and to provide for accountability, efficiency, and flexibility in the administration of the Program.

**POLICY:**

It shall be the policy of the City Council to ensure that the Small Business Enhancement Program is administered in an efficient and flexible yet accountable manner through the following operational guidelines.

- 1.) Allocation Formula
  - City-wide business assistance programs - 50%
  - Storefront Improvement Program - 24%
  - Ombuds Service - 6%
  - Business Outreach and Marketing - 6%
  - Infrastructure Impact Program - 3%

Capacity Building Grants - 9%  
Contingency - 2%

Business Improvement District programs - 50%

BID Support - 24%  
BID Council - 12%  
Main Street BIDs - 6%  
Capacity Building Grants - 6%  
Contingency - 2%

2.) **Accountability and Flexibility**

To ensure program accountability, to accommodate unanticipated needs, and to provide some flexibility, the following procedures shall be followed:

- a.) Each program and project must provide an annual report on its outcomes. The City-wide programs should report to the Small Business Advisory Board and BID programs should report to the BID Council. Copies of the reports and endorsement of the results by the reviewing entity would be a condition of each program's and project's continued funding.
- b.) Funding in the "capacity building" lines for both City-wide and BID programs should be made based on competitive, but simple, applications submitted to and reviewed by the Small Business Advisory Board and the BID Council, respectively.
- c.) Authority to expend from the contingency fund shall be exercised by the Small Business Advisory Board for City-wide programs and by the BID Council for BID programs. If the contingency fund is not tapped, it will carry forward into the next year's SBEP fund.
- d.) The Small Business Advisory Board and the BID Council shall make recommendations to the Mayor and City Council from time to time regarding any changes in the SBEP allocation formula based on changing needs. The allocation formula shall sunset of its own accord in five years from its adoption, unless modified or expressly extended by the Mayor and Council, based on those recommendations.

3.) **BID Administrative Responsibilities**

The City shall maintain oversight of SBEP funds so that the funds are used consistent with City policies. However, certain functions can be administratively delegated to the BID Council, such as reviewing program and project reports, administering the competitive application process for capacity building grants, and processing contract paperwork (up to the point of verifying eligibility for funding and initiating payment, which must be performed by City staff).

CITY OF SAN DIEGO, CALIFORNIA  
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HISTORY:

Adopted by Resolution R-291758 06/08/1999